Management Discussion

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
Overview of the company's progress and address questions from our investors and stakeholders. Please note that this call is being recorded and certain statements made during this call may be forward-looking and are based on current assumptions. These involve risk and uncertainties and actual results may differ. The company assumes no obligation to update these statements except as required by law. We encourage participants to consider these factors and avoid placing undue reliance on forward-looking information.

Representing TechD Cybersecurity Limited today, we have Mr. Sunny Wagela, Managing Director and Chief Executive Officer, Mr. Khileshwar Sahu, Chief Financial Officer. Now I hand over the call to Mr. Sunny Wagela for the opening remarks. Following his address, we'll proceed to Q&A session. Uh, thank you, and over to you, sir.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Sure, thank you, Khushi. Uh, thank you, investor, for joining in, and I'm really happy that, uh, uh, that the TechD Cybersecurity Limited is actually, you know, uh, recording a great growth. In fact, the cybersecurity industry itself has been growing every single day. I'm 100% sure everybody would be seeing, uh, the news about outage, the news about cyber attacks on the banks, cyber attacks on companies, cyber attacks on enterprises, on individuals has been increasing. And the most important part is AI is actually playing a very important role in this.

AI is making sure to automate a lot of attacks in the offensive security, and we as a defender are also using AI to make sure we defend these attacks, you know, at an AI scale as well. If you look at our H1 FY27 at a glance, we have executed 920 orders. There are 690 customers is what we have served. There are 230 new logos is what we have served. Our SOC customers have grown from 167 to 250 SOC customers right now. And MSSP, which is our managed security service provider revenue, has seen a growth of 35% you know, year on year as well.

So this is exactly, you know, is, is the customer, you know, the mix out of 690, out of which 300 are regulated customers, which includes banks, which include NBFCs, which include SEBI-regulated customers, insurers, you know, and IFCA-regulated entities as well. There are 220 which are SMBs, is what we are serving, which are small and medium-sized businesses where we give packaged VAPT, packaged managed services, and cyber program management services. And 170-odd enterprises is what we are serving, which are large and listed corporates as well.

Uh, let me tell you, uh, there are differences, uh, you know, which we are making, uh, in terms of revenue, but there are certain structural changes are also what we are doing, you know, in terms of company, in terms of normalizing our contracts, in terms of, you know, ensuring that we have revenue growth for years and years to come. So most of our contracts are now being structured. We are offering good amount of the commitments with some value add to our customers with our products to make sure that we convert our contracts from 1 year of signing to 3 years of the signing with renewals happening every year on year and the POs which are issued year on year as well.

And most of our contracts are now being converted from 1 year of MSSP services to 3 years of the MSSP contracts as well. Staff augmentation, you know, although the AI is playing a very important role, but let me tell you, gentlemen, the staff augmentation revenue is also attracting, you know, for TechD, because the more the AI is actually playing a role in, you know, attacking the infrastructure, attacking, you know, the applications and all, there are people which are needed to make sure to

take decisions, to understand the context, to understand those, you know, attack and defend those particular attack as well.

As I said in the last con call of H1 FY25-26, that we have already started providing services, you know, which is for cybersecurity in AI. And AI red teaming is one of the areas where we are penetrating much faster. And the requirements which are coming, you know, are much larger in the context. And we started providing AI red teaming services where we are actually, you know, penetrating into an AI, you know, the thing, the AI models, or you can say that LLMs or the AI-native applications, and making sure that the customer would get to know what exposure they are getting because of the AI usage in their particular infrastructure.

While the number of attacks are increasing, there are people, you know, there are enterprises we have seen who has moved from the one-time exercises to recurring exercises and from going from reactive to proactive cybersecurity. And that's where our SOC business, which is our main business, is growing as well. So we have seen a great demand in 24/7 managed SOC customers as well. The GCC is, is almost, you know, in the last phase, let me tell you, gentlemen. And we are launching it in a coming time, in a month or month and a half of the time, you know, we are launching our GCC, which is 60,000 square feet facility is what we are building.

Because of certain of the holidays of Diwali and Navratri, you know, it has been delayed to, you know, another 1, 1.5 months. But now we are in the final stages of it outside. And, you know, the MEPF constructions. And, and finally, it is getting launched in the month of January. Yeah, uh, can you please go ahead? Yeah, if you look at, uh, you know, the revenue growth the company, uh, recorded in the last H1 FY26, it was Rs 18.18 crore. This year in H1, we have recorded Rs 39.05 crore consolidated revenue, which is 115% of the revenue growth is what we have recorded.

Our EBITDA was standing at Rs 8.99 crore in last H1 FY26, and in this year's H1 FY27, it is Rs 13.21 crore. And the profit after tax is standing at Rs 9.67 crore, which is 1.5x of the profit is what we are recording, or the 52% year-on-year growth is the profit we recorded in this particular year. That shows that the company has been consistently growing and operational excellence has been achieved. Yeah, go ahead. If you look at, uh, the revenue mix, uh, uh, last year we had in H1 good amount of international revenue, but in H2 it got dropped.

But this year again we have achieved the great amount of international revenues coming from, you know, the international markets. Because the subsidiaries got incorporated in April, May, and June, uh, we could not able to record much of a growth in the subsidiary. But yes, 24% of the revenue which has come from international customers with our existing contracts are renewed And with new contracts have come from ANZ region, APEC region, and, you know, the North America region as well. And 76% revenue is a domestic revenue is what we are recording.

As we committed in next another 1 to 2 years of the time, we want the split to be a, you know, at least 50-50. Let me tell you the government funnel for international projects. The funnel or the sales funnel for a company including all subsidiaries have grown to Rs 150+ crore. Uh, good part of, you know, the company is because of our last year's H1 revenue, last year's full year revenue was, was more than Rs 50 crore. So we are eligible for many of the government tenders and many of the government contracts.

That is making us participate into larger contracts. And right now we are bidding for more than Rs 150+ crore. So funnel is what we have built, and it will be materialized, you know, very soon as well. Rs 70 crore order book as on 30th of September 2026. If you ask me, as on November 18th, the order book has already crossed Rs 80 crore because there are certain orders that we have already

uploaded post September 20th, uh, 30th of September 2026. And we are actively pursuing, uh, you know, uh, to make sure, uh, how do we raise our ticket size, how do we raise per order ticket size to ensure that, uh, from one time of the exercise, that how do we upsell our product, how do we, you know, convert one time of the revenue to a recurring revenue for our customers as well.

Ma'am, please go ahead. One thing that has always been a question, and I have received a couple of queries, you know, from the investors as well, if you look at historically for the last 2 to 3 years, our first half has always been lower in the revenue, but they're always higher in the margins. But our second half is always higher in the, you know, revenue but lower in the margin. If you look at that particular cost, uh, that particular, you know, the pattern- if you looked at that particular pattern in the history, just wanted to let you know there were OEM costs.

And in our previous phone calls, we have discussed that OEM cost, and there are other employee costs, there are training costs, and the training revenues which are coming in the second half and not coming in the first half. And that was one of the primary reasons, you know, there were, you know, mismatch in terms of the revenues and, and the, you know, the margins over here. But as I discussed in our earnings call before as well, we are in active process of normalizing our margins for this particular year.

So if you have looked at, you know, there may be a decline from 49% of the margin to 34% of EBITDA margins, but Let me tell you, this is a one-time exercise is what we are doing to normalize each and every quarter. We have normalized our OEM cost, we have revised our OEM contract, right? So that the money to OEM goes equally in each of this particular quarter. We are restructuring our customer contracts as I committed in the last con call as well. And we are aligning our cost structure to make sure that the cost for employees or cost for the OEMs or cost for rendering the services should also become equal.

In each of this particular quarter as well. But yes, if you ask me, you know, there are 2 growth engines as of this particular H1 to FY27 for our revenue. One is an MSSP revenue which has grown to a great extent, and the second is a product revenue which has also grown to a great extent. So we are moving from a seasonal business to a steady and recurring revenue as a company, and moving from one-time, you know, exercises to recurring exercises for most of our customers as well. Go ahead, ma'am, please go ahead to the next slide.

Some of the marquee wins I can actually discuss about. So these are some of the names of the customers that we have onboarded in H1. Uh, let me tell you about 3 of the products. One is a Human Trust AI, second is a Dark Vector, and third is a Provenance AI. All 3 products have got the annual recurring revenues and the contract signed with the customers or with 1 or 2 MSSPs to make sure that this product will give great visibility in our revenue ecosystems as well. Although compared to the complete revenue that is recorded in H1, because the products are launched in the month of June, right, it has recorded a revenue of close to Rs 1.2 crore as an ARR, out of which only and only Rs 80 lakh has come from one of the largest, the banking sector customers.

And that is actually giving us a great visibility on the product revenue and that helps us on understanding the product adaptability and product adoption across our customers as well. As of now, the company has been doing the POC with 100+ of the customers to make sure that they have a POC with each of this particular product and they can adopt any of this particular one product post the successful POC as well. So in this H2, we are expecting good amount of revenue from this particular product. And as I committed to investor last time as well, because these are new products, We are expecting this year, you know, should we close with the product revenue of at least 10% to

15% of the total revenue of that particular, you know, uh, the year revenue.

And we are marching towards achieving that particular same as well. Please go ahead. So what we are trying to do right now is converting our company into, uh, you know, uh, the, uh, only and only services company to a platform company, right? And that is actually giving us an edge above the other people, right? So here the interesting fact is that once the product adoptions across and once the upsell across most of our customers would be starting, you know, in a full-fledged, right, the products are also going to be out and the services are also going to be out.

That actually helps us, you know, win more customers. That helps us, you know, cut down on our cost, you know, on the people and make sure that we achieve more and more revenue with our AI-native portfolio as well. Please go ahead. Please go ahead. Yeah, these are some of the certifications, as everybody must be knowing, that we are already 27001. Right now we are 27701, 27001, 9001, SOC 2 Type 2, certain empanelment. And in this H1, we have received Crest compliance as well. So Crest is a compliance which is required for delivering services to certain of the North America and the ANZ customers as well.

Please go ahead. This, this is our journey. I'm sure, uh, you know, investors who have been to our journey, who have seen our past con calls, right, must be knowing our journey. The one thing addition in this journey would be the greatest infrastructure is what we are creating, and that will be up and running end of this particular year as well. Please go ahead. Uh, so I lead this company as well as my father takes care of the financial and other operations. Right, please go ahead. We promoted certain of our people in the organization.

So Nikhil Trivedi has been with the inception of the company, has been now a director enterprise business for India, and Mihir is actually taking care of complete operations for the company as well. And Kilesh is continuing to be a CFO for the company. Uh, what we need to understand that, uh, we are, uh, seeing the attacks at an unprecedented rate because of the AI and We are continuously evolving as a company. We are making a lot of innovations in the company and making sure that our focus remains on just and just giving cybersecurity services to strengthening the cybersecurity resilience for our customers, safeguarding the data and protecting the people behind it.

Please go ahead. These are some of our core capabilities. One addition to this core capability is our product. Please go ahead. Yeah, so this is exactly is the is the is the is is the product journey that I just wanted to you know discuss about. We started in 2017 as a services company. 2022 we built a foundation for services. 2022 to 2025 our complete shift has gone from one-time exercises to a managed security services revenue. In 2025-2026 we started developing our products and our proprietary platforms.

We already launched four of the modules which is Human Trust, OT Shield. Provenance AI and, you know, the dark vector and other of the, you know, 4 modules which are already in the pipeline, uh, which will be launched in this particular H2 as well. So the next, you know, the phase of growth will be an integrated cybersecurity platform plus the MSSP services using our proprietary product. Uh, just to let you know, uh, considering the DPDP guidelines in the mind, uh, and the DPDP guideline deadlines in the mind, our focus is right now to make sure that we get our PrivacyOps AI, which is our privacy operations product, which will be end-to-end privacy management product for our customers and for the MSSPs as well.

It will have India's DPD, you know, GDPR, and the global privacy regulations as a part of this particular product as well. So in this quarter, we are expecting this product to be up and running. Yeah, please go ahead. This is our standard approach. As I said, we are a talent generation engine,

so most of our talent comes from The existing universities and the colleges where we are already training people, generating revenues as well, and taking them as a part of a company before even they graduate to make sure that we achieve the operational excellence, understand the customer scope better, do a clear reporting.

AI is actually playing a very important role right now in terms of reporting, understanding the scope, gathering the scope, doing the whole project planning, and making sure even on the quality assurance as well. Well, right? And automation of the tool as well. So here, that is one of the reasons, you know, if you looked at, you know, employee costs, it has not gone to a great extent. But, uh, you know, the revenue has also sharpened because we have been putting a lot of investments in terms of AI and in terms of automating many of our services approach as well.

So our product revenue has already gone up to a great extent, but we want to make sure that we achieve at least 10 to 15% of this particular annual recurring revenue for this year, annual revenue of this year, you know, to be come- to be coming from our product revenue. That's the reason we already distribute- appointed 2 distributors for our product. There are 6 channel partners are already appointed, and the revenue model is already, you know, defined for our product. And make sure that we are upselling and doing cross-selling with our existing customer, and also doing, uh, you know, this reselling with our channel partner and MSSP ecosystems as well.

Please go ahead. This is a global capability center. I would invite everyone to please visit this center in the month of January. It is going to have one of the integrated IT, OT, and vehicle SOC. Let me tell you, there are designs which are already changed. The structure which was initially committed was 30,000 square feet, which is now expanded to 60,000 square feet in last one year. And now, you know, we are building vehicle SOC. It is one of the first vehicle SOC is what we are building to monitor automated or auto automated vehicle, or you can say that the automotive cybersecurity, you know, needs as well.

Yeah, please go ahead. These are the subsidiaries is what we have launched, uh, and there are more subsidiaries which are already planned and taken the approval from the board to launch it in different parts of the other world as well. Please go ahead. Yeah, 2 subsidiaries we have. One is in GIFT City, which has already started attracting revenue post-H1, right, uh, because we got the IFCA approval at a later stage. So now that approval is already in place and we have got our bank accounts and everything open.

So most of our IFCA customers are now going to be served from our GIFT City entity. And then the TechD Cyber AGI has also achieved one of the contracts and soon be executed in H2 as well. Please go ahead. So, uh, we are scaling through our own technology, making a lot of innovations. And second is the growth using an MSSP. Right? And the most important part is the infra is actually supporting us to cater to not just, you know, 600 or 900 customers, but the infra is capable to cater around 4,000 to 5,000 customers now as well.

Please go ahead. Please go ahead because I think this is a repeated slide. So yeah, these are some of the awards is what we have got. Please go ahead. Yeah, some of our marquee customers. Let me tell you, gentlemen, we are having a renewal rate of 98%. We are recording growth, not just a growth, but rather, you know, more growth and more revenue from each of these customers' logos which are already defined. And Adani is playing a very important role in one of this, uh, as one of the major customers of ours as well.

Please go ahead. Please go ahead. Yeah, this is just slides of, you know, the actual numbers or the numbers which are defined as per the Gartner, as per DSCI, and other reports. But let me tell you,

DPD is changing the complete picture. It is not just privacy regulations, but to achieve that privacy regulations, to achieve that particular compliance, there are certain reasonable security controls that every company needs to have. And we are marching towards that particular, you know, the game of gaining more customers base or converting our existing customer base, making them sure about DPDP compliant, and also, you know, giving them security controls in terms of technology to make sure that we do upsell and cross-sell of technology, people, and the process as well.

Yeah, thank you. Go ahead. Some of the sector-wise growth, you know, which are increasing. So for this year's H2 focus will be on 2 things once this GCC is in the place. One is on the OT cybersecurity, which is the operational technology cybersecurity, and second is a vehicle cybersecurity, and focusing more on manufacturing and critical infrastructure, you know, opportunity as well, apart from our MSSP and our product growth itself. Yeah, please go ahead. So this is just, you know, uh, uh, the investment thesis that we are transitioning from the traditional services company or an MSSP to an AI-native cybersecurity platform.

Let me tell you, wherever we have sold our platform, you know, we have sold it as platform plus services. So customers are not just asking a platform, but rather the customers are asking platform along with the services. Just a simple example, you know, I can give you is an HDFC where we have sold our Provenance AI, you know, Rs 61 lakh, and it is platform along with the services. So they want us to make sure that we- they use our product, but at the same point of time, we manage the product on behalf of HDFC as well.

So this is a very interesting, you know, the, uh, the propositions with all of this product is what we are getting right now. At the same point of time, what we are trying to do here is we- when we are transitioning from services to product revenue, we are, uh, creating channel partners, but at the same time we are creating more MSSPs. So the companies like us who are traditionally into the services, we are making them MSSPs and make sure that they sell it to their customers under their name as well, under a white labeled agreement with us as well.

And they can achieve that particular greater revenue. And we have a great revenue visibility coming from an MSSP by selling them bulk licenses along with our services as well. So they get a complete managed platform from our side. They can offer it to their customers and they can get that particular customers onboarded within no time as well. And we can perform POC for their customers as a white label partner as well. So we have all of these features in our product that is helping us reach to our next level of the growth as well.

Please go ahead. So as I committed last time as well, this year's revenue growth is what we are expecting is Rs 75 to Rs 80 crore. But let me tell you, we already have Rs 80 crore of the order book right now. So Rs 80 crore is a growth is what it is to be driven by the organic growth. Uh, there are some non-binding term sheets which is already signed, and the binding term sheet is soon to be signed with an Australian company because we are measuring their performance and we are seeing their consistency in the growth.

And that's what they have already proven, you know, in last, you know, the H1 itself. So we are soon signing a binding term sheet with them. But considering that, uh, the, the 5 to 6 months are already passed Uh, if this acquisition would be completely successful, it would add up to one, you know, the quarter of the consolidations of that particular revenue. So we are still targeting Rs 100 crore revenue in this particular, you know, the growth for this particular year as well. Please go ahead. Yeah, this is just a shareholding pattern is what we wanted to showcase about.

Yeah, please go ahead. Yeah, please go ahead. There's a balance sheet which is already uploaded.

Yeah, thank you. Over to the Q&A session so that, you know, we can take up more questions and I can able to answer your questions as well. Thank you.

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
Thank you so much, sir, for the question, uh, introduction. We'll now begin with the Q&A session. Participants who wish to ask questions are requested to raise their hand. We'll take the first question from Vivek Kaushik.

Questions & Answers

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Absolutely, please.

Vivek Kaushik - Analyst
Hi, Sunny.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Yeah, hi, sir.

Vivek Kaushik - Analyst
Thanks for the great numbers. I have basically 2 questions. What is our revenue per customer and top 10 clients revenue consultation? As we did Rs 39 crore revenue in H1 and we almost served 650 clients, so every Rs 6 lakh revenue per customer, right?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
6 to 7 lakh rupees of the customers. Absolutely. Yes, sir.

Vivek Kaushik - Analyst
So what we are doing to increase that number,

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Uh, sir, if you ask me, uh, there are regulator customers which are actually having association with us, like SEBI brokers to cooperative banks to SMB customers, or I would say that those brokers, their revenue is going steadily because their, uh, you know, the regulations, what they say is something, you know, is what we are doing right now. Currently what we are doing to increase the revenue- let us take an example. A SEBI broker has simulation to be done, you know, on their people for 2 times.

We were giving it as a services. In that Rs 6 lakh or Rs 7 lakh of the ticket size, Rs 50,000 to Rs 60,000 was going as a phishing simulation as a service. We are completely converting that particular services into a product. So what we are trying to do right now is we are giving them 15 days of the POC We are running one campaign for free for them and we are actually trying to divert that customer stating that you're already paying Rs 70,000 for simulations. Why don't you pay us Rs 1,40,000? And then finally, after negotiation, we are cutting, you know, selling the product at Rs 1 lakh or Rs 1,20,000 to that particular, even a smaller customer that is actually helping us with 2 things.

One is that they are actually getting the services, they are getting the services from us as a managed service, but at the same time we are selling our product as well. Well. So we are trying to do upselling and cross-selling. The second is the Provenance AI. SEBI has rolled out a guideline on the, you know, mitigating the cyber threats because of the AI, uh, you know, uh, tools. Or you can say

that you require tools which are vulnerability management tools which are AI native as well. And Provenance is a supply chain security platform.

So right now almost all of our, you know, the regulated customers by SEBI, we are doing a lot of POCs to make sure, and we already fixed one call and a meeting with the SEBI as well to get the solution empaneled with SEBI as well. But that is still in an initial, you know, the phase. So I don't want to comment on the complete process for the empanelment. So we are making sure that our smaller customers who are paying us Rs 6 lakh, Rs 6 lakh or Rs 7 lakh should increase from Rs 6 lakh to Rs 10 lakh, either converting them from one-off exercise of cyber audit, system audit, or VAPT to our managed services and then do a cross-sell and upsell of our product as well.

So that is our strategy which is going on right now. Still, uh, last year also and this year also, you know, my answer to this question on top 10 customers or top 20 customer concentration is going to be the same, uh, because the enterprises, you know, what we are serving, or the top 10 logos what we are serving, the cyber budgets are continuously increasing. This year- I mean, sorry, last year it was around 44% of the revenue which was coming from top 10, top 20 customers, and I think this year it is coming down to around 35% of the revenue.

But it is still, you know, good, good in the size, But we are really not worrying about it because they are now our product customers as well.

Vivek Kaushik - Analyst
Yeah, okay. And my second question is, what will be the EBITDA margins for the current financial years? As you said, the margins are high in the first half yearly numbers. As in this year, we did around Rs 32 crores of the margins. If we compare last 2 years, 49% and 41% of the margins are same previous year. Years. So can we expect again around 40 to 45% of margins in the coming years?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
So if you looked at our complete year margins of last 2 years, it has been close to, uh, 36% to 40% of the EBITDA margins, right? And this year our target is to achieve 36%, in between 36% to 40% of the annualized margin, you know, for a full year itself, right? As I said last time, the, the, in the con call as that we are soon going to release the updates for quarterly. But before we start updating results quarterly, we want to normalize all our quarters. So we are restructuring our customer contracts.

So if some customer- let's take an example on one of the largest, you know, ITS company- they were giving us a PO for 12 months. But to make sure that, you know, their contracts are actually in the March to March, we have taken the contracts for 18 months well. So we are trying to convince all of our customers. We have convinced most of our customers to get those contracts done with us so that we make sure we normalize cost and normalize margin. Keeping both of this in mind, you know, this year we're expecting in between the annual margins of EBITDA, which is 36% to 40% of the margins.

Vivek Kaushik - Analyst
Okay. And this is my one last question. I'm just trying to understand, are we providing the full-fledged services related to the cybersecurity to a particular company? Because I am trying to understand that let's suppose our per customer revenue is six lakh for a half year, so we can expect twelve to fifteen lakh rupees for a per year. So I just want to understand if the companies are

increasing their what we can say a particular amount they want to spend on the cybersecurity. Is it the fifteen twenty lakh rupees on a year, or we are just providing us some some basic?

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Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Think if you look at our slide on the customer concentrations or enterprises or the SMBs or you know the the regulated entities, right? So if you look at it regulated, I'll give you a simple example of a SEBI. Now SEBI has got a circular which has to be complied by all, you know, the entities. It could be AIF, or it could be broker, or it could be, you know, uh, the depository participant, it could be market infrastructure institutions. If you looked at some of our disclosed POs of market infrastructure institutions, they are actually higher on the numbers because they have a higher budget.

But if you look at a small broker or a medium size of the broker, they don't have that budget to do it, right? And now considering the competitions and considering the other certain empaneled entities as well, we are making sure to retain all of that customers by keeping the same pricing or maybe upselling with certain of our product and not putting more margins or not putting more, you know, the 5 or 10% of, you know, the increase on the services, right, by continuing the contract on the same pricing with the So reason is that if you look at the average ticket price is this, but you know, the, the, there is an SMB and there is a, you know, the customers who are getting full-fledged services, but relatively they have a smaller infrastructure in the place.

Yeah.

Vivek Kaushik - Analyst
Okay, thank you so much.

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
Thank you. So we'll take the next question from Rahul Kothari.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Yeah, I think the- just to let you know, I think to the last part, can you

Rahul Kothari - Analyst
Hear me? Yeah,

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
I can, I can hear you. Okay,

Rahul Kothari - Analyst
Okay. So I have a question regarding, uh, just repeating the same margin part. Uh, the margin, uh, when we consolidated with Australian player in case if we complete the acquisition, uh, the strategic transaction, does this Australian company have the similar margin?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
The Australian company right now is at a margin of PAT, which is at 22%, and they are getting the delivery done by outsourcing the delivery to a couple of the Indian partners, including us, right? If you looked at our recent orders, uh, before even completing this transaction, that Australian company has already given the contract from one of the SaaS-based customer, which is of Rs 3.6 crore, right? Uh, so, uh, here the, the best part is that the company has logos, the company has

presence, the company is providing services.

If the TechD delivery ecosystem is going to be integrated, the margins of that Australian company will definitely go from 22% of the PAT margins to at least 30% of the PAT margins in the coming time post that strategic transaction would be over, right? So to answer your question, yes, they are on 22%, but yeah, we are interested to make sure that we combine our backend delivery from India to increase the margin from 22% to 30% post transaction is done.

Rahul Kothari - Analyst
Okay, so secondly, can you elaborate more on the DPD Act, uh, how confident you are about, uh, it getting live, and, uh, and what is our position, uh, preparedness compared to our peers, competitors in the market to capture the pie?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
So currently we are already, uh, giving out as a services, uh, because the DPD website is just live 2 days back and there are right guidelines and the structure you know, the phases of how it is to be done before May 2027 has just been live 2-3 days back. People are now realizing and people are now putting a lot of effort and the budget to ensure that, to invite quotations from, you know, us. The best part of TECHD is we already have a list of customers, those who are asking us to start with the DPDP assessment and the gap assessment and then going ahead with implementing the products on the concern management to the uh, you know, the technology, you know, implementation for DPD to comply with the security controls which are aligned with the DPD as well.

So one thing we are already aligned, the team has- is already having 27-odd professionals who are 27701 and, you know, the DPD, you know, certified. We are already started giving services to some of the good, you know, uh, the customers, including the recent market infrastructure institution have asked the staff augmentation resources, which is the stock exchange itself, and they are all on- and most of, you know, which are all on DPDP, and the privacy professionals is what they have asked about.

So we are already aligned. Uh, it is actually going to open up revenue for 3 things. One is on the managed services, second is on the one-time activity on the gap assessment, and third is on technology implementation and the managed services for DPDP as well. So there are 27 people which are already trained, which are already there in the company, who are professionals in the DPDP and can able to give in a virtual DPO services if required, and, you know, shout by the existing customers as well. And we are increasing the practice, you know, the folio on the DPDP by having some exclusive associations with certain of the OEM, you know, except the one product which we are getting right now, which is also a DPDP product, right?

So the revenue stream will come from our own product in the coming days as well as, you know, certain of the exclusive associations with the OEM as well. So we are very well aligned. We are very well, you know, putting a lot of effort, participating in almost all DPDP tenders as well as RFPs for our customers and achieved some of the good, you know, the contracts on DPDP as well.

Rahul Kothari - Analyst
What I understand is that government seems to be pretty serious in executing this and the penalties, if not for non-compliance, is also pretty high. So does this significantly change our revenue growth trajectory and the customer acquisition?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Uh, to be very frank and to be very open to you, right, people have started waking up. And I am being very candid, you know, when I talk to my investors, right? I, I don't give very good pitches, or I don't say very, very good. People have started waking up right now because the website is just alive, you know, uh, just live, you know, 2-3 days back, right? People are waking up. People have got strategic directions. People and CISOs and, you know, CIOs are now asking, you know, the right set of budgets from their uh, you know, the management to put in into the DPDp and put into the DLP or DSPM or technology solutions which can make them comply to the DPDp as well.

So this is a very starting phase, right? But I'm 110% sure that post-December scenario would be very different when the deadline is approaching. But if you ask me, the major revenue from DPDp we are going to record, right, as a company, that is you know, in the month of March, April, and May, because there are small, you know, size of the customers who has got, you know, Rs 100 crore to Rs 500 crore of the revenue, right? They will all wake up at the last moment, right? So I'm 100% sure that H2 is going to be good, and at the same point of time, the next quarter of the- I mean, the first quarter of the next financial year will be absolutely fantastic.

Rahul Kothari - Analyst
Regarding all the major government, uh, departments, uh, they go with tenders for selecting vendors. Are we eligible for bidding for such tenders, or still some, uh, thresholds needs to be achieved by us to achieve those tender criteria compared with large-size cybersecurity firms? Or are we at par with them when we go to the vendor acquisition, uh, customer position?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
So very interesting question. So till last year, sir, when our revenue was only Rs 30 crore, we were not eligible for many of the tenders. But till last to last year, last year we recorded almost Rs 51 crore revenue, and that has been great for a company to make sure to eligible in at least 60% of the tenders. Now for rest of the 40% of the tenders, how we are working it out, right? We are empaneled with BSNL, we are empaneled with NFSU RIC, we are empaneled with 2 more PSUs. I can cannot name them because we have certain NDAs signed with them, and that's the reason it's not disclosed.

So we are already empaneled with 4 of the larger PSUs in India. At the same point of time, we have recently got empanelment from Netcon as well, which is also PSU. So where we are not getting ourselves eligible, we are making sure to discuss with the right authorities and ensure that it can be routed through a PSU who is already eligible in terms of, you know, the TQ-PQ you, and that particular contract should come to TechD as well. So there are a couple of contracts right now we have already bid for, and, you know, there are certain contracts which are in the final stages.

They are all bid for from the PSUs and not directly as a TechD.

Rahul Kothari - Analyst
Okay, and so for, like, for example, top 10 customers, or in fact if we speak of top 1 or 2 customers, are we, for this particular cybersecurity domain, are only vendor for them, or they are multiple vendors providing multiple services in cybersecurity, or we are trying to- we are the exclusive one for them for all the-

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Sir, most of the customers, uh, they know, including our top 10 customers, they have, uh, one or the

other multiple vendors for them, right? But our focus as a TechD while we are working with them are going for 2 things. One is on the MSSP services And second is on making sure that we take care of, you know, end-to-end cybersecurity by deploying certain of the people in the resource augmentation. Because many a times, many of the organizations has got a maker-checker concept. So if I'm doing a VAPT, I cannot do a SOC.

If I'm doing a SOC, I cannot do a VAPT. For all those customers, they have one or two empaneled, or many a times there are 3 empaneled vendors. So they get a quote from all those 3 empaneled vendors. Right? But we are one of the preferred vendors because the customers logo or the top ten customers we are already working with them for last almost six to seven seven years as well.

Rahul Kothari - Analyst
Okay, and last two questions are about this infrastructure that we are coming up with sixty thousand square feet. What advantage does it provide? Does it provide a more visibility to a customer? That's a unique point or something else because some companies have multiple offices across multiple countries. Countries, and we are trying to put in a lot of big resources in single location. So what advantage does it provide?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Uh, so the first advantage it will provide, because, uh, the largest SOC which we are coming up with, and the OT vehicle and IT SOC is what we are coming up with, it would be same like an operation center of- you could call it to be a Tesla operation center or an, you know, uh, uh, uh, or, or a SpaceX operation center. It will look like that. So that would actually give a very different impression to our customers who are actually looking to outsource their cybersecurity. Interestingly, still that infrastructure has not been operational, but we are right now eligible with many of the tenders where there is a specific requirement for having infrastructure where they are consolidating some, you know, 10-15 banks, or, you know, consolidating some 100-odd cooperative banks, you know, to have one vendor run their particular SOC.

So that infra is actually helping us to do a great eligibility on the professional qualifications as well. So that is Number 1, right? Number 2 is what we are coming up with, an experience center, and it's going to be one of the largest, you know, SOC and one of the largest experience center. So a traditional approach in the cybersecurity till now, or what we are using, is to have customers come on the call, you know, attend the demos, you know, we showcase our existing customer portfolio, have customer references, and then submit the quotation and go about it, and then bid for tenders and all, right?

But what if my customer is coming to my infrastructure, you know, across the globe, looking at an experience center, understanding how this, you know, uh, the CNN got hacked, how this BBC got hacked, how this Ukraine got no electricity for 9 hours, how, you know, uh, the, the, the, the Mumbai got a power outage in COVID for almost like 6 hours, right? And what was that critical infrastructure of Mumbai got attacked? That we are going to have a digital twin of a complete city, right? And that digital twin will showcase them live, how things are actually being breached and what are the things we can actually do to make them secure.

That's number one. It would not only showcase on the, you know, the OT infrastructure part of it, but it would have a vehicle, it would have automated, you know, automotive cybersecurity simulations as well, and it would also have IIoT, IoT, and many other simulations as well. So we are going to change the complete concept of how we are closing a customer, going from a traditional approach

of a reactive approach of showcasing a demo to a proactive approach of educating them and making them understand how things are happening, where TECHD is positioned and what we are doing and how we are doing, and, and then, you know, converting them into a sustainable relationship So the whole purpose of this infrastructure is to make sure to bring customers to have a look at it, look at the experience center, have an experience of things which are actually happening.

And trust me on this part, out of 100 CISOs in India, there are 70 CISOs who have been IT personnel, who are part of, you know, some CIO who does not have cybersecurity knowledge. So whosoever knows how to sell, they are able to sell right now. But if you are able to give them them a right picture, maybe in one part of the subconscious mind, we are putting them a thought, even though they might not give a project, or let's say out of 4 people who are coming, you know, one person might not give a project, you know, in this organization, they go to another organization, something of this sort of incident happens, they obviously remember TechD on that part.

So our main goal is converting those CISOs in a traditional approach of selling services to converting into a sustainable relationship by bringing them at are, you know, the Ahmedabad GCC.

Rahul Kothari - Analyst
Very interesting. So just last question being- Rahul, could you please join

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
Back in queue?

Rahul Kothari - Analyst
Okay, I have just last question. Is it- or let me attend the-

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
We'll, we'll, uh, like you join back in queue, we'll take another questions.

Rahul Kothari - Analyst
Okay, fine. Yeah,

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
So we'll take the next question from Nirav Shah.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Sure.

Nirav Shah - Analyst
Hello, Sunny sir, how are you?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
I'm good, sir. How are you, sir?

Nirav Shah - Analyst
Yes, I am fine, sir. Uh, what is cost of acquisition, Sunny sir?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Uh, the cost of acquisition for this Australian company?

Nirav Shah - Analyst
Yes, sir.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
So let me tell you, they're already at 22% of the PAT margins. I cannot disclose the exact figure until the, you know, disclosure is actually out, but, uh, we are are acquiring them at a very lower cost, which is of 6x of the PAT value, right? And that 6x of the PAT value is much, much, much lower compared to the cost of acquisition across the globe itself, right? So the overall cost of acquisition is coming out to be, uh, you know, uh, uh, $5 million, and out of which, uh, the Australian dollar.

And we are trying to ensure to get at least 60% of the stake in that particular company initially, and then moving forward with earnout and with other of the conditions in next 2 years acquire the full company.

Nirav Shah - Analyst
And sir, how, how the cost of acquisition adjusted with our financials?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Uh, sir, we have decided to put some money from our internal accruals. Uh, we have decided to, uh, you know, uh, uh, take some, uh, you know, uh, the funding also, you know, provided in the next another coming 1 month as well. And, uh, with this 2 particular, you know, the ways we are going to complete this acquisition, uh, uh, in the coming

Nirav Shah - Analyst
Time. Is there any proposal for, uh, issuance of new share?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Uh, so there might not be a proposal of issuance of new share. We are still working out. It could be either NCDs or it could be, uh, you know, the issuance of the preferential shares. But that will soon be out once the, uh, conclusion is, uh, you know, be there internal management discussion. Yeah.

Nirav Shah - Analyst
Okay, thank you, Sani. I'm proud of you, sir.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Thank you so much.

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
So we'll take the next question from Priyansh Miri.

Priyansh Miri - Analyst
Hello, sir. Hope I'm audible.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Yeah, you're audible.

Priyansh Miri - Analyst
Yeah. Great set of numbers, sir. Always exciting to come back to our con calls. Sir, a few questions on our acquisition. You mentioned with organic- with inorganic growth included, we'll hit 100 CR revenue rate. So what would be your projection for, uh, next year, sir, in case this acquisition

materializes in terms of, say, organic and inorganic? So

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
I'll give it in 2 numbers. One would be a standalone and second would be the consolidated for next year, right? Uh, so one thing is this acquisition is materializing for sure, right? Uh, some things have taken time and we were actually looking at a performance of that particular company as well. And they have really performed well in H1, and that's the reason, you know, it was very exciting for me to now make them a part of, you know, this particular journey, right? And it is more like a marriage, right?

So before marriage, you make sure that, you know, the marriage goes successful and, you know, it does not come with a lot of risk as well. But they proved it, and that's why it is materializing for sure. So, uh, coming back on the last, uh, next year's number, sir. So the next year's number are not going to be less than Rs 125 crore as an organic growth is what we are aiming to achieve. And if this inorganic growth from this particular company, if I'm actually talking about, right, this company is already at a revenue of Rs 35 crore and growing at the same rate, 50 to 60% year-on-year growth.

So expecting another, you know, Rs 50 to Rs 60 crore coming from that particular company as an inorganic growth as a consolidated revenue as well.

Priyansh Miri - Analyst
Understood, sir. Sir, in our H1 numbers, what is the split of managed service and product, and also how it will shape for FY27 and FY28? Because I believe product will give us higher EBITDA, right?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Uh, absolutely. So the products got launched on 21st of May. I'm sure you must have looked at our disclosures as well. The hard launch, or the actual launch- I mean, we did a soft launch on 21st of May. The actual launch of the product happened in the month of June. We started with POC and the PO started coming in from the month of August and September. So in 2 months of the time, we have achieved Rs 1.2 crore of ARR, which is the annual recurring revenue of this particular product. This year, as I said, we are targeting at least Rs 8 to Rs 10 crore revenue, or the annual recurring revenue should come from the product.

And we are aggressively working through the channel partner ecosystem, through distributors, else, giving this product as a managed services, uh, part of a managed services contract to our existing customers as well to make sure we achieve this particular contract. So one is obviously, you know, uh, the once the product will have a higher revenue, the EBITDA will definitely increase, right? What was the second question?

Priyansh Miri - Analyst
Um, sir, what will be a split, uh, as per you, uh, for '27 and '28, uh, product and managed service?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
So considering, uh, there are different modules which we are doing, investments we are putting, and, uh, but the revenue split will be this year, as I said, it will be 10 to 15, in between 10 to 15. The minimum is going to be 10. Uh, the next year it will be close to 20%. Another next year we are aiming to at least have 50-50% of the product split and services split revenue coming from one is on MSSP and second is on product.

Priyansh Miri - Analyst
Great, sir. So 3 years out, 50-50 split. Understood. So this acquisition also gave us some product or it is all the managed service only?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
No, no, it's a managed services company. It's a services company. They don't have any of the IP, right? And but interestingly, they serve around 150-odd customers.

Priyansh Miri - Analyst
Understood. So last question, can you give us any update or traction that we have in our global market? Right now we serve 3 geographies. Is there also any plan to explain, uh, expand into UK or European market also?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Uh, so Europe has got European Cyber Resilience Act recently, just 2 months back it has came into an effect. And, uh, same like DPD, they also have a great deadline, you know, which is already set. So there are players that we are already talking to, uh, we are making them partners initially, and at least after 1 or 2 traction uh, with them or the transactions with them, we will think of registering a company in Europe, either in Germany or in Portugal, where we have certain of the benefits as well, right?

Uh, and in the UK market, no plans as of now.

Priyansh Miri - Analyst
Sure. So for, uh, what are the updates in our US and Mauritius and UAE market? Uh, did we see any traction in are we planning to improve our- yeah, yeah.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
So Middle East, we already seen traction. Middle East, we already have a revenue pipeline of $1.5 million from at least 2 of the customers, uh, you know, for this year and the coming years as well. Uh, Mauritius, we are already bidding for one of the largest government contract with the Mauritius Telecom. But let me, let me tell you, Mauritius is the registration of the entity, but it will actually serve the whole of Africa. Right? And so that's just an entity which is recognized, uh, to, to deliver services to the African countries as well.

Uh, we are making sure, uh, to, uh, you know, have the billing done through a Mauritius entity, you know, from our Kenya revenue which was coming, Uganda revenue which is coming, and Mauritius revenue. Yeah, one more thing, Mauritius, we are already bidding for one of the largest contracts. We are hoping to get that closed soon before December.

Priyansh Miri - Analyst
Sir, for US also?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Sir, for US, we already have an entity registered in Canada. Yeah, but as of now, as I said, all the entities are registered in April and June and, you know, certain of the July. Their bank accounts and their VAT and other registrations and compliances, everything got done in August. So that's the reason the entities does not have much of the transactions, but it will definitely have some of the transactions in that Canada

Priyansh Miri - Analyst
Yeah. Okay, sir, one last question. When we launch a product, sir, so it launches across geography, right? There is no lag time, right? We start demo with all our global clients, right?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
I'm sorry, sir.

Priyansh Miri - Analyst
When we are launching a product, sir, in addition to the managed service, so it rolls out across geography same time, right? There's no lag of quarter or any Um,

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
No, no, there's no, there's no lag of a quarter, but rather I would actually tell you we are using a very interesting, uh, you know, the proposition in terms of our product while selling product also, but along with that product, you know, selling services as well. A very simple example is we have got certain peers who are already in the human risk management product right now. We are bidding for a lot of our contracts where we are actually ensuring to give certain of our services delivery as a value-add to make sure that our product gets the adoption in that particular thing.

While the other companies in that particular space in the human risk management- the product name is Human Trust, you know, for us- they're not able to give the resources for training. But because the TechD is already in the training, we are telling customers that you take this product, which is a human risk management product, along with that we will do around 4 or 5 sessions across all your you know, the intra- I mean, all your locations to make sure that this comes as a value-added service. So that's where we, you know, we have an upper edge.

One is on the pricing and second is on giving it as a service, and customer is happy with certain of the value-add as well. So this is an advantage is what TechD has, which many of the product players does not have, to give it as a managed service and some value-add to add as a services itself.

Priyansh Miri - Analyst
Yeah, sounds interesting, sir. Sir, uh, just when we do managed service in India and, uh, abroad, is there any, uh, advantage also in terms of EBITDA margin?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Absolutely, sir. So the contract that we have received from Australia, which is of 2-year contract, $3.61, Rs 1.8 crore contract, uh, I would say that it's- they are a global SaaS player, but at the same point of time, uh, if, if you try to look at that revenue in India with same sort of a company, the contract should have been at least under Rs 1 crore, and here it is almost Rs 2 crore. So you'll definitely see, uh, the difference in these 2 contracts in terms of revenue and margins as well.

Priyansh Miri - Analyst
But if you can give any rough estimate between managed service EBITDA and product EBITDA, maybe for FY28 or FY29 when it is 50-50

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Uh, so if you're asking a net margins or if you're asking a gross margin in the product, okay. Uh, so let me tell you, services is anyway, uh, going to have, uh, and then we do not, as of now, we do not do any differentiations on the product revenue and service revenue. Soon we are going to have 2 of

this, uh, you know, revenue coming, uh, from the operations, and soon be shown in the books of accounts as well. Uh, service is anyway going to be between 35 to 40%, but yeah, product is going to be close to 40 to 45%.

Priyansh Miri - Analyst
Makes sense, sir. Sir, in our, uh, investor deck, you also mentioned we are normalizing the billing, uh, split, right? So the current revenue for H1 that we got is already normalized, or the same time? Absolutely,

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Absolutely. That's the reason I got a lot of questions post our result as Why the margin got dropped from 49% to 34%? Because all the OEM contracts are revised, right? All the event- our training contracts are revised. All our customer contracts, major of the customer contracts, you know, because we are not looking at a smaller contract, but major of our customer contracts are revised to make sure that we achieve that particular revenue. And obviously with DPDP guideline in the month of May, we're still going to have the same sort of, you know, normalizing revenue in the next financial year as

Priyansh Miri - Analyst
Well. Okay, so EBITDA will also revert back then, sir, right? For at least for H2, not for full year. Maybe later year it will be there, right?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
So as I said, this year we are aiming it to be between 36 to 40%. Yeah, the annual margins. EBITDA.

Priyansh Miri - Analyst
Okay, for full year, right?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
For full year, yes.

Priyansh Miri - Analyst
Okay, okay. Thank you, sir. That is it. All the very best, sir. Thank you.

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
Thank you. We'll take the next question from Kamal Chaswani.

Kamal Chaswani - Analyst
Hi, thank you for taking my question. Congratulations on good set of numbers. Couple of questions only. Out of our 70 crore order book, how much is unexecuted part of the order book and how much is executed?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Sorry, 70 crore order book, how much is the- sir, we publish the order book annually. So this is when I talk about order books, it's always been an order book for one financial year, right? So it's not an order book for, you know, 3 years or 4 years, right? It's an order book for one single financial year, correct? It is already executed, which is of around 38 point, uh, you know, uh, the revenue which is already recorded is already being utilized, and rest of are under executions as well. But as of now, the order book of the company is already standing at around 78 crores.

Kamal Chaswani - Analyst
And the second question was, uh, as I understand, uh, there are around 75 IT security categories, uh, out of which how many are we currently catering to?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
So we are already into the VAPT space, which is vulnerability management. We are into security operations. We are into GRC, which is governance, risk, and compliance. Right? So cybersecurity, as per Gartner, has too many categories, right? So we are into a category of an MSSP, which is managed security service provider. If you ask me, there are product categories also. So in the product category, we are in the human risk management, we are in the threat intelligence category, security operations category, we are in this GRC category, we are in this OT security category, we are in, you know, the software supply chain security category, we are in SaaS category.

So as per Gartner, there are multiple categories, but ultimately it's a managed security service provider is what we call, is one category we fall into.

Kamal Chaswani - Analyst
Yeah. But it like, I, there's also cloud security.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Yeah. So, so you give it as a service. So we, we, we also call that as a part of a category services. So let's take an example. If I give a cloud security posture management as a service to my customer, I'll take an OEM solutions. I have my service component which plays a 60% of the revenue on that out of Rs 100 of the revenue. 40% or 30% is a license revenue and that goes as a service, right?

Kamal Chaswani - Analyst
Correct. And which are the segments we are present in the product category? Product, which category? In the product,

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
OT security, as I said, in threat intelligence. So in threat intelligence also, there are different categories like dark web, deep web, you know, brand protection category. We are in software supply chain security category as well. We are in DevSecOps. We are in SAST, which is S-A-S-T. We are in DAST category, which is a vulnerability management category also. Now there is one more category which is recently launched is AI native vulnerability management. So that is also category that we fall into.

And for human risk management, which is human trust, which is a human risk management category. Yeah.

Kamal Chaswani - Analyst
Thank you so much.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Yeah,

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
So we'll take the next question from Prem Modi.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Yes, mister.

Prem Modi - Analyst
I just had a question about the spike in the receivables. Absolutely.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
For

Prem Modi - Analyst
This quarter,

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
So this quarter we recorded the highest revenue in the month of September because there are regulatory deadlines which were end of September. So most of the customer billings have done in the end of September. Company has also received one particular order which is one of the largest in the size, and that was also recorded in the last week of September. So because of the Rs 38 crore of that particular revenue, almost almost, you know, Rs 18 to Rs 19 crore of the revenue which was only standing at September.

So that is the reason the receivables are actually showcasing at very high levels. But let me tell you, out of that Rs 18 to Rs 19 crore of the revenue, 60% of that particular September and even the last H1, you know, the quarter revenue has already been recovered, has already been achieved, right? And this one particular, you know, the larger order which was almost like Rs 11 plus Rs 2, which is around Rs 13 crore of the order, that will be received in the first week of December itself. So almost we are, uh, you know, good on the positive side of our cash process.

Prem Modi - Analyst
Okay, sir. I just wanted to also understand your billing cycles. Is it, uh, financial year to financial year, or is it based on contracts as you keep signing?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Sir, it is financial year to financial year. But let me tell you, you know, an example. When a customer is signing up for a SOC, he is taking it as a services, right? So one, I need to take the license, implement the license. Then I get my license payment and get my get my implementation payment and then my service payment starts. So that service payments is of monthly or sometimes it is quarterly.

Prem Modi - Analyst
Okay, got it. Thank you so much. All the best. Thank you.

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
Thank you so much, sir. Sir, I'll just read out the questions given in the Q&A box. First is why this time profit margin reduces.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
I think we already given the answer to that. Uh, the profit margin, uh, has reduced. I mean, the actual margins of the last year H1 and this year, you know, H1 has reduced. Ideally, the year-on-year growth has increased. Uh, but yes, the margin has reduced because as we are saying that

historically we used to have, uh, the lower side of the revenue in H1, higher side of the margins in H1, and then the higher side of revenue in H2 and higher side of- sorry, lower side of, you know, margins in Right now we are in a process of normalizing, you know, our revenues, contracts, and the cost, you know, with respect to all of these contracts to make sure that we have equal margins or not much of a difference between H1 and H2 margins, you know, would be there.

So that is, you know, already normalized and it's going to be same in the next financial year as well, right? Any update about the share? It is at the same level. I cannot answer this question. So

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
The next question is, what is EBITDA margin from marquee clients?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
I believe, you know, there's not much of a differentiation that we do from a marquee client because it's recorded in the books of accounts as consolidated revenues from services and product. So I think won't be able to give the right answer justification to this question. How is the competition landscape? So yeah, obviously there is a competition with respect to service provider, with respect to product provider. Provider. Uh, in India, TechD is a recognized, uh, you know, brand, has been running it for last many years, and we do not see much of a challenge in India.

Globally, obviously, we are, uh, you know, putting these steps and we are going aggressive on the sales, you know, cycles, on the sales, you know, the side of it. And I'm sure we'll have a great presence globally as well. Can we have limited questions? Other wants to ask questions. What about acquisition of SI? SI company is still the, you know, the pipeline, because obviously the revenue has increased, the, their EBITDA has also increased. So that's still in the pipeline and we're still talking to them, but the deal is not dead, right?

So the deal is still on.

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
So the next-

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Yeah, we can- we are trying to make sure to have some, you know, updates from December, but they're still in the discussions and, uh, uh If everything is completely normal, we are still trying to make sure that with 1 or 2 more OEMs, we are trying to normalize all of our contract. Once it is done, definitely everyone can expect the quarterly update from company. I think that's the last question.

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
Okay. Yes, sir. All the queries has been answered. Participants who request to ask questions can put it in chat box or can raise your hand. Sir, we have a question from Nirav Shah.

Nirav Shah - Analyst
Yeah, thanks for giving a second opportunity. Sir, after starting TechD Cybersecurity, the margin should be revised, sir, or the margin will remain the same?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
No, no, I'm not, uh, I didn't get the question,

Nirav Shah - Analyst
Sir. After starting the TechD Cyber Valley, the margin of company should be- okay,

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Yeah, you said cybersecurity, so I thought the company is already started. Anyway, yeah, uh, sir, I would say that, uh, company has made a great CapEx. Uh, so to answer your question, this particular infrastructure structure is now putting it into a different orbit of the companies. You know, when people are looking at cybersecurity company, which is like a boutique firm or a recognized firm or a good firm, we are into a category where we have been looked at very differently by our customers. That is actually enabling us to go to the contract size.

Company has already started increasing the contract size. The one order we have received for like 3 years of managing ASM, APM, and AI Ops, AI Security Ops, is of Rs 13 crore, right? There's the Rs 13 crore is just for 1 year, and then it is to be revised in the next coming years as well. This is only and only because of, uh, the infrastructure which is still under construction, but we are showcasing the customers what we are coming up with. We are showcasing the customers how it is going to change the things.

We are showcasing the customers what R&D capabilities we are developing, what innovation center is not getting. I'm sure with the, with, with the operations of that TechD Cyber Valley, we are going to get it, definitely get into a next orbit of success. But to comment on the margins, I would still be very optimistic. You know, we would, you know, make sure to maintain those margins, uh, you know, rather than committing or overcommitting on those numbers.

Nirav Shah - Analyst
And sir, any benefit for the shareholder, like in terms of dividend?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Uh, so that is in the discussions and I'm sure we will come out with some updates. Yeah,

Nirav Shah - Analyst
Sir, last, uh, con call also you promised that we are under the discussion.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Correct, sir, but there is a nomination, remuneration, there is another audit committee and other meetings are still there for this and we definitely take it into the consideration, but we'll soon get the updates.

Nirav Shah - Analyst
Okay, thank you very much, sir.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Yes, sir.

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
Thank you. So we have a question in our chat box. I'll just go through that. H1 margins were 32%, and you're saying there will be similar margins between H1 and H2 going forward. So then how are you guiding for 36 to 40% full year margins?

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
So that's what I'm saying, sir. Uh, we- this time the products have just launched, right? So we are making sure that there is a great, you know, the product traction that should come from the product. And obviously product has the higher margins in terms of the revenue, uh, in terms- I mean, the, the revenue is also, which is an annual recurring revenue, right? And the margins are also going to be higher. So keeping that in the mind, the last year H2 margins was around 34%. We are trying to make sure that if we achieve at least 37 to 38%, That would normalize our annual margins to 36 to 40 percent of that margin.

So we are making sure to have more upsell and cross sell in the product to achieve higher margins in H2. Yeah.

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
Okay, so Priyansh, [Foreign Speech] note of appreciation. You're a great technocrat. We are privileged to have you in the driving seat of TechD. I really appreciate the work. You do, and all the very best for the upcoming years, quarters.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
Thank you.

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
So I guess all the questions have been answered. Uh, I now invite you for the closing remarks, sir.

Sunny Wagela - Managing Director and Chief Executive Officer, TechD Cybersecurity Limited
So, uh, thanks a lot, investors, analysts, and the customers and partners who are always supporting us to make sure that TechD, you know, grows, and at the same point of time putting a trust on us to go to the next orbit of success. Uh, I must say that I want to build a company which is not just a service company which is a, you know, from India or a global services company from India, but right now we want to build a company is to be recognized like a Zoho for cybersecurity is what we are aiming to build, or a Netflix of the cybersecurity with our platform coming up with more modules in the future as well.

And we appreciate that you're putting a lot of trust on us. And, uh, but we will, uh, you know, leave no stone unturned to make sure our promises are fulfilled, which are given to our investors and our stakeholders. And we will continue with the same journey with putting all of our effort and take TechD to our next level and make it a global company in the next coming time. Thank you. Thanks a lot.

Khushi - Investor Relations / Moderator, TechD Cybersecurity Limited
Thank you so much for such an engaging, engaging session. On behalf of TechD Cybersecurity Limited, thank you for joining today's call. You may now Thank you.